

Positioning for the evolving business cycle

**Perspectives from Rishi Kapoor,
Vice Chairman & Chief
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The past few years had presented an unusually challenging macro environment, with surging inflation, the fastest pace of interest rate hikes in decades, and artificial-intelligence related capex reaching stratospheric “bubble-risk” levels. On top of that, geopolitical tensions have now moved from background noise to a central consideration in making investment decisions.

While we are closely monitoring developments in the region and actively assessing their potential impact on business and investment activity in real time, the longer-term implications for global financial markets and private assets remain uncertain given the fluid nature of the situation. This is particularly relevant in the context of potential oil price volatility and supply chain disruptions, both of which could either be short-lived or have broader macroeconomic ramifications if they persist over a longer period.

Although the near-term trajectory and duration of these developments are inherently difficult to predict, we believe it is important to share with you our longer-term secular investment themes that are guiding our investment strategy over this period. This framework reflects a disciplined approach designed to navigate periods of uncertainty through a focus on diversification and high-conviction themes, while recognizing that we will actively review and refine these as the geopolitical landscape continues to evolve.

With an entrenched on-the-ground presence across the U.S., Europe, the Middle East, and Asia, we have seen firsthand how these dynamics have altered return drivers

across asset classes and regions. In our view, however, the long-term fundamentals supporting private markets investments remain firmly in place, although diversification across alternative asset classes and markets has become even more essential.

Looking ahead, we see the longer-term baseline market backdrop as reasonably constructive beyond the near-term spike in energy prices and supply chain disruptions due to the conflict in the Middle East. Most major economies expect inflation expectations to moderate over the medium-term, with accompanying normalization of short-term interest rates closer to neutral levels. Many are also pursuing forms of direct or indirect fiscal stimulus including significant investment in national security, supply chain resilience and infrastructure, alongside early signs of real productivity benefits from AI deployment. Periods of transition and uncertainty have historically created attractive opportunities for disciplined, fundamentals-driven, value-focused investors like Investcorp, and we are well positioned to capitalize on these as they emerge.

Private Equity

Focus on fundamentals

Private equity markets recovered meaningfully in 2025 as financing conditions improved and valuation discipline returned. With entry valuations materially below 2021 peak levels, we are finding opportunities where pricing, growth potential, and downside protection are better aligned, as evidenced by our recent acquisitions of Guardian Fire Services and Kanawha Scales & Systems in the U.S., alongside a series of add-on acquisitions across the global portfolio.

Across our \$11 billion private equity platform, our focus remains on long-term value creation through multiple growth drivers, including enhanced sales effectiveness, go-to-market strategies, hiring best-in-class talent, technology enablement throughout the business value chain, operational efficiency improvements, and add-on acquisitions. Businesses with strong market positions and exposure to secular growth themes have continued, and are expected to continue, to outperform, reinforcing our emphasis on active ownership and selective capital deployment in high-conviction sectors globally. Recent strong exits, such as the sales of RESA Power, Citykart, and Shine (formerly Ageras), and the IPOs of WakeFit and NephroPlus, underscore Investcorp's capabilities and multi-decade track record through different geoeconomic and market cycles.

Real Estate

Selectivity in a repriced market

Real estate markets in the U.S. and Europe have undergone a meaningful reset. Significantly higher interest rates relative to the earlier zero-to-negative rate era have repriced assets, creating pressure on distributions from existing portfolios, but also opportunities for well-capitalized investors, particularly in sectors with long-term demand drivers such as logistics and residential. As we mark the 30th anniversary of Investcorp's real estate platform, the business has grown to manage over \$11 billion in AUM globally, anchored by nearly \$10 billion of invested capital in the U.S. Today, 99% of our U.S. exposure is in industrial/logistics, and residential assets, property types that continue to demonstrate strong long-term fundamentals. Recently, we entered the U.S. senior housing sector, which we find particularly compelling given significant demand tailwinds driven by the aging Baby Boomer generation.

Over the last 18 months, we have returned more than \$500 million in capital proceeds to investors, with more to follow. Our focus remains on protecting the long-term health of each portfolio while identifying opportunities to enhance distributions through ongoing rental yields and property sales.



Infrastructure

Connecting economies

Infrastructure markets remained active in 2025, supported by sustained demand for essential assets and long-duration capital seeking stable, inflation-protected cash yields.

Across our infrastructure partnerships, representing approximately \$5 billion in AUM, we remain focused on assets benefiting from structural demand drivers, policy support, and long-term cash flow visibility. Our Global Infrastructure team launched the Investcorp-Corsair Infrastructure Fund I, achieving a first close of \$300 million, anchored by its seed investment in JFK Terminal 6. Targeting \$750 million in LP commitments, the fund will seek to invest primarily in transportation-focused assets such as airports, ports, and rail in North America.

Credit

Managing forward risk, not just yield

Structured credit markets demonstrated sustained growth in 2025, with record CLO issuance across the U.S. and Europe.

Investcorp's credit platform remains an active issuer, executing 20 transactions totaling over \$8.5 billion. With over \$22 billion in credit AUM and a multi-decade track record, our approach emphasizes structural protection, active portfolio management, and a through-the-cycle mindset towards optimizing risk and reward. The team continues to see compelling opportunities to originate senior secured loans to high-quality, sponsor-backed borrowers and to capture incremental value through rigorous credit selection, bespoke structuring, and active monitoring.

Since launching our CLO Equity (COP) strategy in 2018, we have raised close to \$600 million, with annual cash-on-cash distributions across the portfolio averaging 16–17% per annum. The recently launched Credit Opportunity Portfolio 8 (COP 8) closed above \$160 million, and we raised our inaugural CLO equity fund in Asia, the Sakura CLO Equity Fund I, of nearly \$100 million. In total, we raised more than \$250 million of CLO equity in the GCC and Asia during 2025, providing capital to launch new CLOs and reset or refinance existing CLOs.

GP Staking

A compelling structural tailwind

The last twelve months marked a period of significant progress for our GP staking business. Net DPI of ISCP Fund I is approaching 0.5x, placing the fund in the top decile of 2021-vintage private equity funds. Building on this momentum, ISCP Fund II recently announced its final close with \$1.1 billion in LP commitments plus an additional \$155 million of co-investment capital, an increase from ISCP Fund I at \$620 million. This reflects strong investor conviction in the asset class, our GP staking strategy, and our team. We maintain a positive outlook for 2026, driven by continued GP succession, GP growth-capital needs, and broader asset manager consolidation.

Insurance

Benefiting from a multiplier effect

In late 2021, Investcorp founded Ibeis, a North American retirement-savings product provider specializing in fixed annuities, to capitalize on the large, secular annuity market opportunity in the U.S.

After launching its first product in September 2022, Ibeis has scaled across three products, reaching \$1.5 billion in new issuance and \$3.3 billion in year-end assets for 2025.

Through its partnership with Investcorp, Ibeis benefits from our investment capabilities and aims to deliver a best-in-class spread together with a highly scalable operating platform to generate attractive returns on equity for shareholders.

Ibeis holds an A- (Excellent) financial strength rating with a stable outlook from AM Best rating agency and is the 18th-largest fixed-index annuity issuer in the U.S. We expect its asset portfolio to continue to grow, reaching \$10–\$12 billion by 2030, with mid-teen return-on-equity levels.



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Conviction through the next cycle

For over four decades, Investcorp has navigated market cycles and geopolitical uncertainty with a disciplined focus on compounding client capital. Today, with \$62 billion in AUM, we offer a comprehensive range of private markets solutions designed to perform across different market conditions.

By combining global scale with local expertise, we believe we are well positioned to originate and selectively execute investments that can deliver compelling long-term returns for you, our clients, while maintaining a clear focus on risk management, capital preservation and portfolio optimization.

On behalf of everyone at Investcorp, I would like to personally thank you for your continued trust and partnership. We look forward to continuing to be your value-added and trusted partner of choice for alternative investments as we enter this unfolding market with many attractive opportunities, balancing our entrepreneurial spirit with prudent institutional risk management.